



WASHOE COUNTY

"Dedicated To Excellence in Public Service"
www.washoecounty.us

CM/ACM _____
Budget MM
DA n/a
Comptroller n/a
HR n/a
Other n/a

STAFF REPORT

BOARD MEETING DATE: February 10, 2015

DATE: January 22, 2015
TO: Board of County Commissioners
FROM: Paul McArthur, Comptroller
328-2563, pmcarthur@washoecounty.us
THROUGH: Joey Orduna Hastings, Assistant County Manager
328-2000, jhastings@washoecounty.us
SUBJECT: Acknowledge Receipt of the Interim Financial Report for Washoe County Governmental Funds for the six months Ended December 31, 2014 - Unaudited (All Commission Districts)

SUMMARY

The attached report is submitted to provide information regarding the County's financial operations by reviewing activity for governmental funds, excluding component units, for the six months ended December 31, 2014. Financial activity for the General Fund is also provided.

Strategic Objective supported by this item: Sustainability of our financial, social and natural resources.

PREVIOUS ACTION

Unaudited interim financial reports are provided to the Board quarterly, in addition to the audited comprehensive annual financial report for the fiscal year ending June 30.

BACKGROUND

Governmental Funds include the General Fund, which is the County's primary operating fund and accounts for resources and operations that are not required to be accounted for in other funds due to restrictions on funding sources or activities imposed by legal, policy or reporting conventions, twelve special revenue funds, two debt service funds and five capital projects funds. Significant variances between the years are discussed, as are budget to actual variances.

FISCAL IMPACT

There is no fiscal impact in acknowledging receipt of the report of the County's current financial position.

RECOMMENDATION

It is recommended that the Board of County Commissioners acknowledge receipt of the Interim Financial Report for Washoe County Governmental Funds for the six months ended December 31, 2014 - Unaudited.

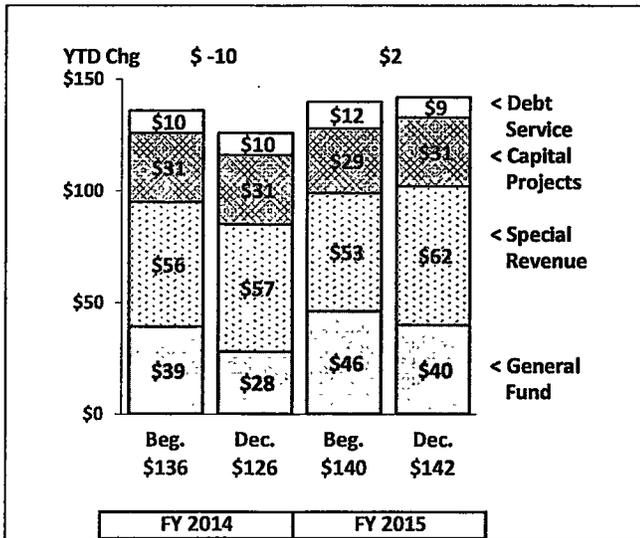
POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be to "move to acknowledge receipt of the Interim Financial Report for Washoe County Governmental Funds for the six months Ended December 31, 2014 – Unaudited."

AGENDA ITEM # 7C

Washoe County Governmental Funds – Fiscal Year 2014/2015
Interim Financial Report for the Six Months Ended December 31, 2014 - Unaudited
All \$ in millions unless otherwise noted.

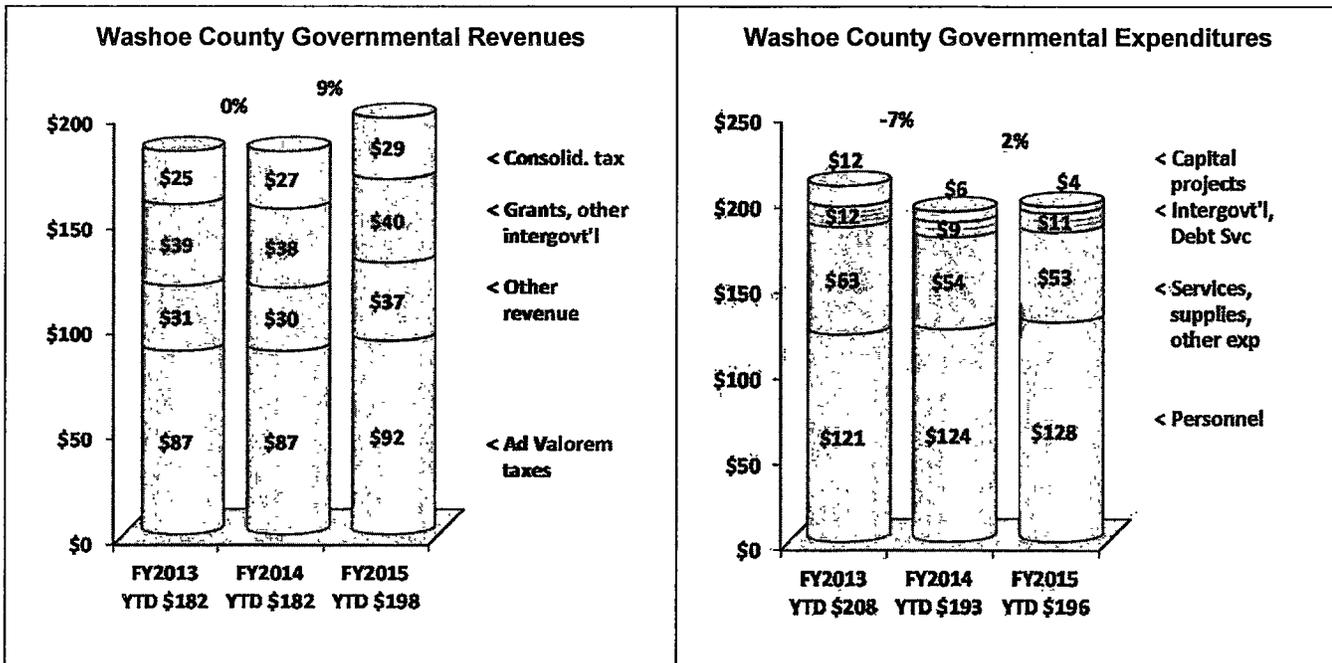
GOVERNMENTAL FUND BALANCE



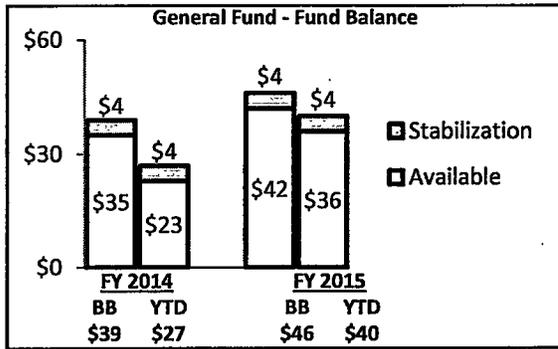
- **Total Governmental Fund Balances** increased \$2 million year-to-date and \$16 million year over year.
- Fund balances for **Capital Project** funds remained even with prior year.
- **Special Revenue Funds** increased \$9 million year-to-date due to increased revenue and relatively flat expenditures.
- Fund balances in the **General Fund** increased \$12 million over prior year due primarily to increases in ad valorem and consolidated tax revenue and a \$2 million sale of water rights.

REVENUES AND EXPENDITURES

- **Total Governmental Revenues** are 9% over prior year, driven by increases in other revenue, ad valorem and consolidated taxes. Other revenue increased due to a \$6 million settlement agreement with the State for road maintenance. Ad valorem taxes are 5% over prior year. Consolidated taxes have been received for the month of October and are up 8% over prior year.
- **Total Governmental Expenditures** increased 2% from prior year. Personnel costs increased \$4 million over prior year due to 1.5-2% cost of living adjustments and one-time only recognition lump sum payment of \$1,000 for eligible employees. Services, supplies and other expenses fell by \$1 million due to decreases for indigent health care assistance pursuant to the Affordable Care Act. Capital project spending decreased by \$2 million due to the timing of projects.

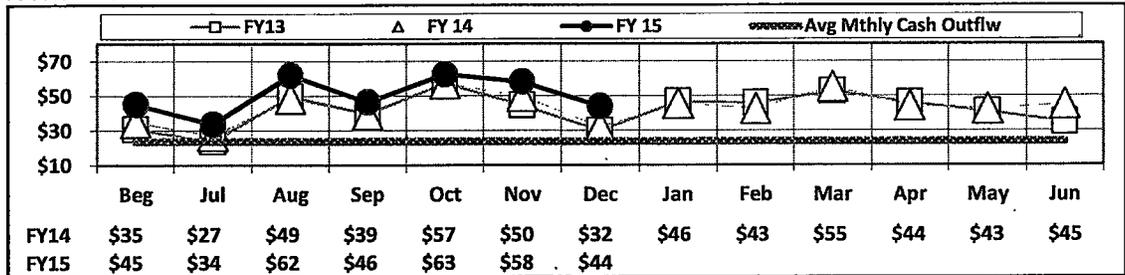


Washoe County General Fund – Fiscal Year 2014/2015
Interim Financial Report for the Six Months Ended December 31, 2014 - Unaudited
All \$ in Millions unless otherwise noted.



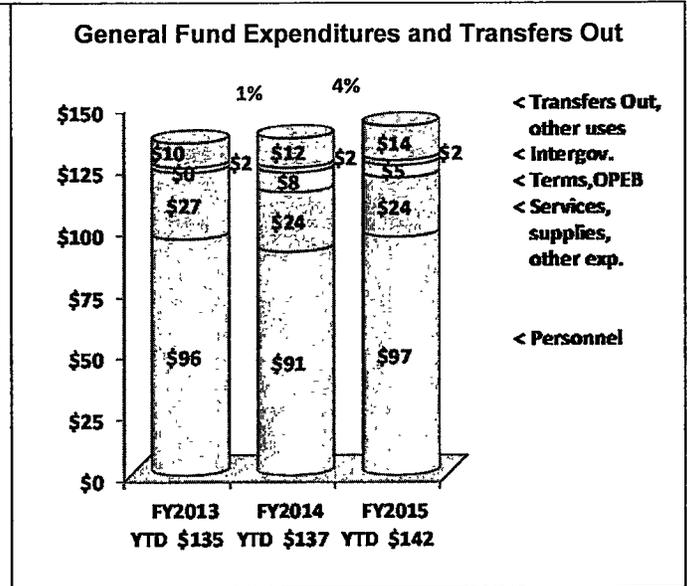
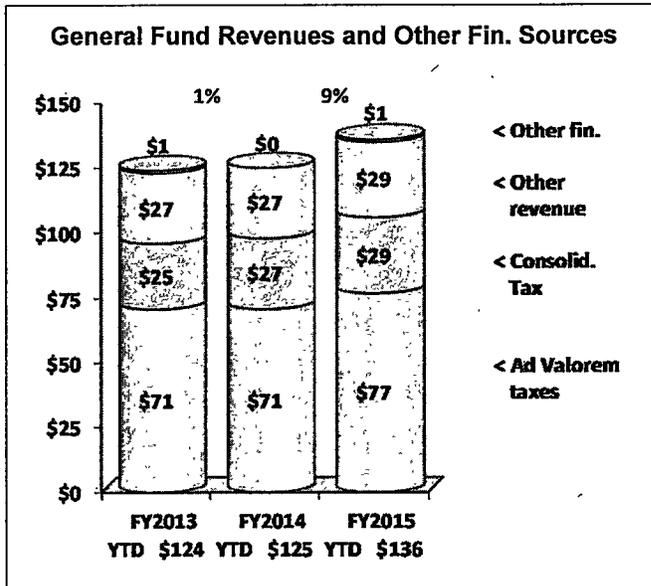
- Fund Balance decreased \$6 million year-to-date. The General Fund includes a \$4 million balance for stabilization which is not available for general operations.
- The available portion of cash balance (below) is \$12 million higher than prior year. The available cash portion of fund balance excludes cash held for stabilization and funds held as deposits in the Courts and other departments.
- The cash balance continues to be monitored during low points in July and August before the first distribution of property tax is received at the end of August.

Trend of Available Cash



REVENUES, EXPENDITURES, AND OTHER FINANCING

- **Revenues** and other financing sources are 9% over prior year. Ad valorem taxes increased by 7% and consolidated taxes increased 8%. **Expenditures** plus transfers out have increased \$5 million over prior year led by higher personnel costs.



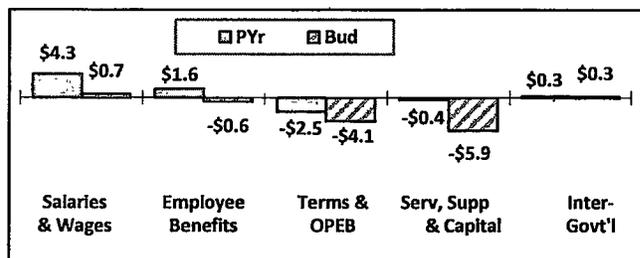
Washoe County General Fund – Fiscal Year 2014/2015
Interim Financial Report for the Six Months Ended December 31, 2014 - Unaudited
All \$ in Millions unless otherwise noted.

KEY CHANGES IN REVENUES

Versus Prior Year			Versus Budget Trend	
	\$0.6	< Other Revenues >		\$0.1
	\$0.1	< Other Intergov't'l >	-\$0.2	
	\$2.1	< Consolidated taxes >		\$1.6
	\$0.1	< Investment Income >	-\$0.1	
	\$5.1	< Ad valorem taxes >		\$1.7

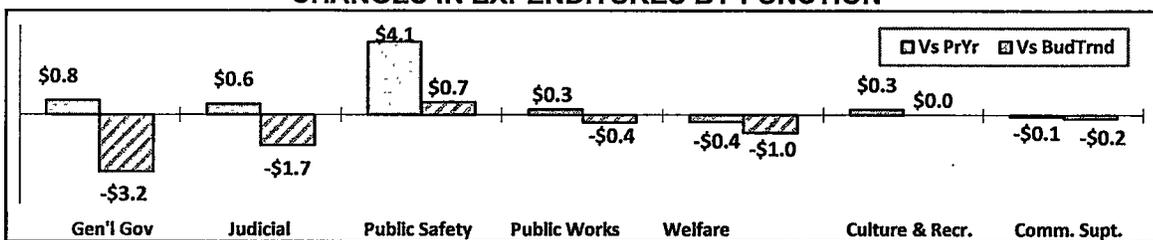
- Consolidated taxes have been received for the month of October and are 8% ahead of prior year and 6% ahead of budget trend.
- Ad valorem taxes are 7% over prior year due to increased assessed valuation.

CHANGES IN EXPENDITURES BY CATEGORY VERSUS PRIOR YEAR AND BUDGET TREND



- Note: To provide better operating comparisons, the analysis separates voluntary separation incentives and OPEB contributions from other personnel costs.
- Personnel costs are above prior year due to cost of living adjustments and one-time recognition lump sum payments.
- OPEB contributions have decreased and are below budget trend due to the timing of payments to the OPEB trust.

CHANGES IN EXPENDITURES BY FUNCTION



- Expenditures across most functions were relatively unchanged from prior year, driven by continued cost-control efforts.
- The increase in Public Safety, General Government and Judicial functions is led by higher personnel costs.

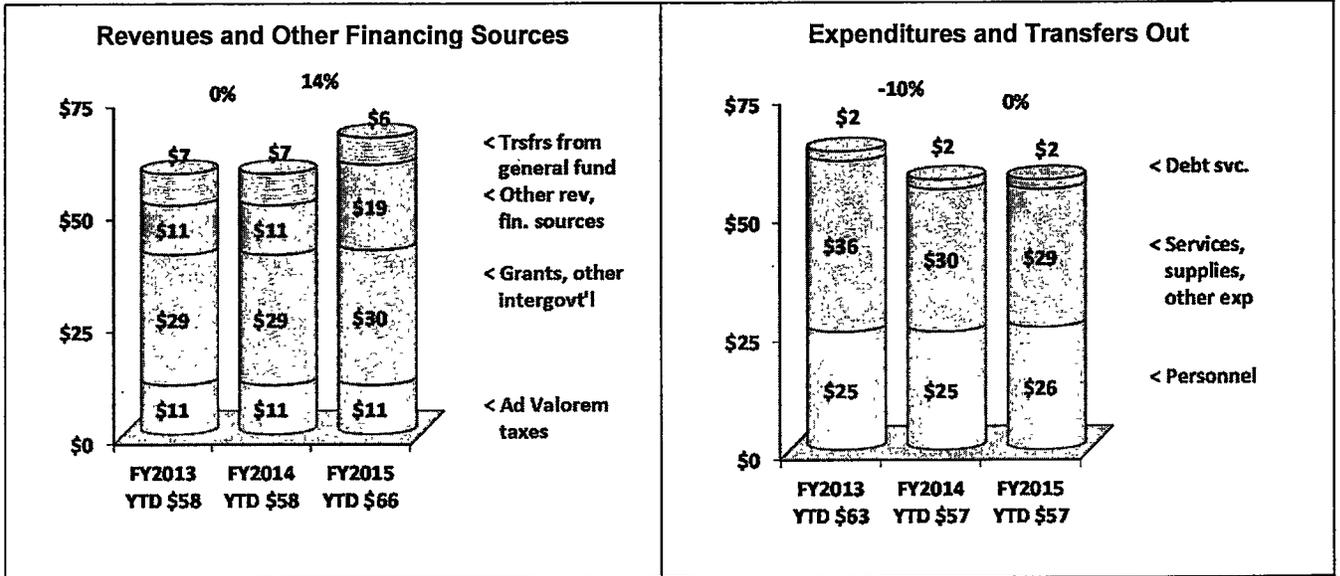
Washoe County Other Governmental Funds – Fiscal Year 2014/2015

Interim Financial Report for the Six Months Ended December 31, 2014 - Unaudited

All \$ in Millions unless otherwise noted.

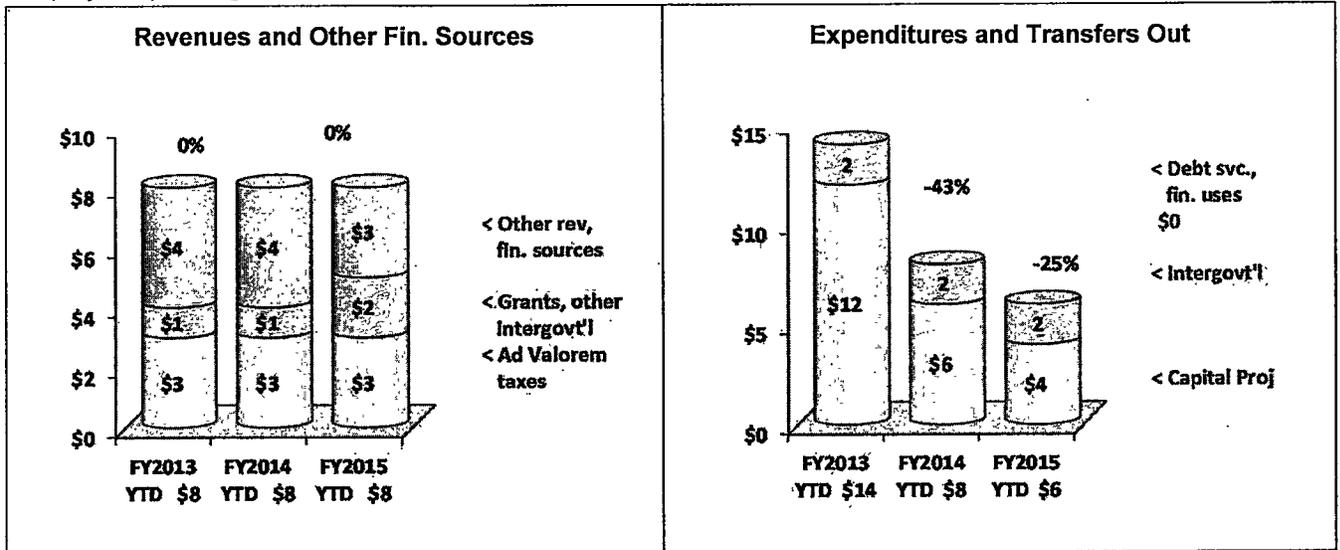
SPECIAL REVENUE FUNDS

- Revenues and other financing sources are 14% higher than in prior year, primarily due to the \$6 million settlement from the State, as well as increased Medicaid and street, curb and gutter cuts revenue.
- Expenditures plus transfers out are flat over prior year.



CAPITAL PROJECTS FUNDS

- Revenues and other financing sources have remained flat over prior year.
- Expenditures plus transfers out decreased by \$2 million from the prior year, due to the timing of capital project spending.



Washoe County Other Governmental Funds – Fiscal Year 2014/2015
Interim Financial Report for the Six Months Ended December 31, 2014 - Unaudited
All \$ in Millions unless otherwise noted.

BUSINESS TYPE FUNDS

Building and Safety's increase in operating revenue is due to an increase in building permits revenue. The decrease in net assets over prior year for Water Resources is due to increased operating expenses for professional services for the TMWA consolidation and engineering consulting for STMWRF and the Lemmon Valley sewer pipe assessment project. The Golf Course Fund operating revenue decreased over prior year and operating expense increased due to water/sewer costs.

\$ in thousands			Pr. Year YTD	YTD versus	
	Budget	YTD		Budget	Pr. Year
Water Resources					
Operating Revenue	\$ 32,711	\$ 17,578	\$ 18,025	54%	-2%
Operating Expense	(33,218)	(15,426)	(13,379)	46%	15%
Operating Income/(Loss)	(507)	2,152	4,646	n/m	-54%
Capital Contributions	11,275	4,688	3,275	42%	43%
Nonoperating/Other	605	(672)	(657)	-111%	2%
Change in Net Assets	\$ 11,373	\$ 6,168	\$ 7,264	54%	-15%
Golf Course					
Operating Revenue	\$ 1,102	\$ 563	\$ 671	51%	-16%
Operating Expense	(1,110)	(583)	(500)	53%	17%
Operating Income/(Loss)	(8)	(20)	171	n/m	-112%
Nonoperating/Other	85	4	5	5%	-20%
Change in Net Assets	\$ 77	\$ (16)	\$ 176	-21%	-109%
Building & Safety					
Operating Revenue	\$ 2,100	\$ 1,377	\$ 1,043	66%	32%
Operating Expense	(2,317)	(1,030)	(831)	44%	24%
Operating Income/(Loss)	(217)	347	212	n/m	n/m
Nonoperating/Other	133	7	4	5%	n/m
Change in Net Assets	(84)	354	216	n/m	n/m